



## Working with Hinds Building Services **under** the Construction Industry Scheme



Hinds Building Services is a registered contractor under the Construction Industry Scheme (CIS).

All of our employees and subcontractors are paid under PAYE or CIS. Our company policy prevents us from paying cash in hand, so you need to be registered under one of these schemes.

## The History of the Construction Industry Scheme (CIS)

The Construction Industry scheme (CIS) was introduced in 1972. It covers all types of businesses and other operations in the construction industry including companies, partnership and self-employed individuals.

Over the years, the scheme has been overhauled twice as a result of compliance issues, gross exploitation of the tax system and fraudulent use of CIS documents. However, the scheme tirelessly identifies ways to make the system more convenient and effective for users while countering fraud.

## Basic Details of the CIS

The Construction Industry Scheme covers most construction work from permanent or temporary buildings or structures to civil engineering work like roads and bridges.

It also covers a wide range of other construction works such as preparing the site, laying foundations and providing access works, demolition and dismantling, building work, alterations, repairs and decorating, installing systems for heating, lighting, power, water and ventilation and cleaning the inside of buildings after construction work.

## How Does it Work?

If you work for us as a registered company, you will receive your full wage and you will be responsible for paying your tax obligations to HMRC. If HMRC asks us about the amounts paid to you, with a view to reducing revenue fraud, we will cooperate and disclose all sums paid.

If you are a temporary worker, you will be paid under CIS.

This scheme allows us to deduct money from your full wage and pass it on to Her Majesty's Revenue and Customs (HMRC).

There are three possible schemes:

- 1. Taxed at the higher rate (30% tax):** We will deduct 30% of your wage if you are not registered.
- 2. Taxed at the standard rate (20% tax):** We will deduct 20% of your wage if you are registered.
- 3. Gross payment status (0% tax):** If you are registered for gross payment status, we will not deduct any taxes and you will be required to pay any taxes to HMRC directly.

**(Turn over this brochure for further details)**

## Great – I want to pay less tax. How can I register?

In order to pay less tax, you must have a Unique Taxpayer Reference (UTR) number – this ensures that all funds paid by us on your behalf are correctly allocated to your pot. This will be very useful at the end of the year when you are filing your Self-Assessment.

It is very simple to apply for a UTR number. To receive your UTR number, apply for self-employed status: <https://www.gov.uk/what-you-must-do-as-a-cis-subcontractor/how-to-register>

(To find this link, you can search the following in any search engine: *What you must do as a Construction Industry Scheme (CIS) subcontractor*)

## Okay I am now registered, what is the next step?

As a new starter, you will be asked to complete a New Field Hire (NFH) Sheet. To complete this form, you will need the following details: full name, address and postcode, email address, date of birth, national insurance number, next of kin and their contact number along with your bank details. Then, the office team will allocate a personal identification number to you for our internal purposes. This is not an HMRC or government number.

Before payment, we must check that the subcontractor is registered with HMRC. All payments made by HBS will take into account your tax status as HMRC will inform us of the correct deduction percentage.

We send HMRC the deducted funds from your wages on a monthly basis.

## If I buy materials, can deductions be made from the cost of the materials?

We do not deduct any part of the payment that represents the cost of materials incurred by you, the subcontractor.



## Is there anything else for me to know?

This is a simple way to ensure that your funds are correctly allocated, and you achieve maximum benefit for all the taxes paid.

Visit the HMRC website:

<https://www.gov.uk/what-is-the-construction-industry-scheme>

You can contact us for further details:

Email: [contact@hindsbuilding.co.uk](mailto:contact@hindsbuilding.co.uk)

Call us: +44(0)1325 952954